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1976/06/00

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: BRENT SCOWCROFT
SUBJECT: U.S. Security Assistance to the Republic of China,
NSSM 212

(Tab H)
The NSC received the NSSM 212 study/on U.S. security assistance to the Republic of China at the end of 1974. For a variety of reasons, we did not pursue the policy issue at that time but continued to make ad hoc decisions on ROC arms purchase requests.

In my March 20 memorandum to you on the question of U.S. force reductions on Taiwan, I noted that we would be sending to you soon updated recommendations on U.S. security assistance policy toward the Republic of China. I indicated that we anticipated a recommendation that would strengthen Taipei's sense of confidence and to some degree offset the proposed force drawdowns. Therefore, it would be desirable to have an early decision on the arms transfer policy.

We have now received updated recommendations and comments by State, Defense, and CIA on the options that the NSSM 212 study presented. This memorandum surveys important background considerations and reviews policy options set forth in the NSSM study and agency recommendations. Finally, I provide my own views and recommendations on this subject.

Political Security Context

One of the most difficult aspects of our China policy is the question of ROC access to U.S. military equipment. This issue may well be crucial in determining whether Taiwan successfully weathers normalization of our relations with the PRC. At the same time, arms transfers to the ROC has a potential of placing a substantial strain on our developing relationship with the PRC.

ROC View

The ROC appears to recognize that political factors -- the PRC's stake in good relations with the U.S. and Japan and continuing Sino-Soviet

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tension -- are increasingly important elements in stability in the Taiwan Strait area. Nevertheless, the view which will continue to permeate ROC society for the foreseeable future is that the island's survival is dependent upon a military deterrent. Taipei may hope that political developments in the U.S. will forestall or delay U.S. military withdrawals but it probably assumes that reductions in U.S. force levels, MAP phase-out and FMS cuts will continue. There has thus been a marked expansion of ROC efforts to expand domestic arms production, develop new weapons systems, and find non-U.S. sources of modern weapons and advanced technology. This effort has had only limited success. A recent inter-agency intelligence memorandum (Tab G) concluded that for the foreseeable future the ROC will be dependent on the U.S. as its source of modern weapons. Continued U.S. willingness to provide logistic support will thus be a vital factor in Taiwan's sense of security.

Peking's Viewpoint

We do not know with precision the extent to which at any given time our military relationship with the ROC is an obstacle to normalization of relations with the PRC. U.S. arms supplied are only one variable in a more complicated equation in which other aspects of the relationship between Washington ^{the} on one hand and Taipei and Peking on the other, as well as the overall international situation, are all factors.

Peking obviously does not desire that U.S. support for the ROC should be offered at a level that might cause the leadership in Taipei to conclude that it is essentially invulnerable to pressures. At the same time, there have been indications from Peking that it does not wish our relationship to the island -- of which arms supplies is one aspect -- to be reduced so fast that others would be tempted to intervene or that uncontrollable changes on the island became likely.

The PRC Military Threat to Taiwan

Although the significant imbalance of forces available to the PRC and ROC is essentially unchanged, recent intelligence estimates (Tab E and F) conclude that the PRC would be unable to mount a successful non-nuclear invasion of Taiwan much before 1980.

Despite an advantage in fighter aircraft of about 1600 to 275, the PRC would suffer enormous losses in air combat with the ROC. If it were prepared to pay the price, the PRC could establish air superiority in about ten days. The recent approval of the extension of the ROC's F-5 co-production program with Northrop for an additional 80 aircraft will bring the total production under this arrangement to 200. This program should largely enable the ROC air defense to maintain its relative position through the early 1980s..

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The ROC Navy, possibly the weakest link in the island's defense, has the most immediate need for improvement. Its ships are greatly outnumbered by the PRC and are vulnerable and inferior, particularly against Peking's high-speed patrol boats carrying Styx-missiles. This situation has stimulated the ROC request for the Harpoon missile system. The disparity in capabilities between the PRC and the ROC navys will probably widen in the next three to five years.

Policy Options

The NSSM 212 response presents four basic options:

-- Option 1: Completely cut off access to U.S. equipment, either immediately or gradually over the next three to five years. Such a drastic step would clearly cause a shattering of ROC confidence, and possibly lead to disintegration of social order and desperate acts, which could complicate rather than ease U.S. -PRC relations.

-- Option 2: Freeze ROC access to U.S. arms at current price and levels; replace only items already in inventory, and prohibit the supply of new weapons. Implementation of this option would, over the three to five year period, lead to a substantial deterioration of ROC military capabilities relative to the PRC.

-- Option 3: Provide limited ROC access to new weapons. The NSSM study presents this option in a lower and an upper range.

- The lower range would permit the ROC access to additional and new weapons which would not be likely to provoke the PRC. Provocative weapons would be those which the PRC might believe would give Taiwan a clearer technological superiority or would alter the current relative military balance. See Annex C-II to Tab D for an illustrative list of weapons which the lower range of Option 3 would permit us to sell to the ROC.

- The upper range would give greater weight than the lower range to preserving ROC confidence in U.S. intentions and helping the ROC cope with growing PRC military capabilities. See Annex C-II to Tab D illustrative list of equipment in this range.

-- Option 4: Allow substantial ROC access to new weapons, including late-model precision guided munitions, as well as F-16 or F-17 aircraft. Under this option we would permit the ROC to attempt to maintain or enhance its military capabilities relative to those of the PRC. Such a policy could of course threaten the whole process of normalization of

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U.S. -PRC relations and the wider U.S. objectives associated with it. The PRC would also likely view this course as an increased threat to it and might augment its own forces in the area.

Departmental Views

In its recent memorandum (Tab B) approved by Secretary Kissinger, State says that it continues to support the lower range of Option 3. Actually, State has modified its previous position and now recommends approval of some items in the upper range if requested by the ROC:

-- The ASROC anti-submarine missile and

-- Limited quantities of less sophisticated models of laser-guided missiles.

On the other hand, State recommends against even limited numbers of Harpoon missiles, an item listed in the lower range. State opposes sale of the Harpoon because its technology is more advanced than the Chinese counterpart, the Styx missile. State believes early model laser-guided missiles would adequately fill the anti-ship mission of the Harpoon.

The Department of Defense (Tab C) continues to recommend approval of all items in the upper range of Option 3.

My View

As noted in the NSSM study, both the ROC and the PRC will view our handling of this issue as an indicator of the relative importance the U.S. attaches to each. Nevertheless, their reactions to what we do in this sphere may be asymmetric. As an example, the ROC would regard a significant restriction on its present access to weapons as a serious matter, while the PRC response might not be equivalently favorable.

Looking ahead to normalization, we can assume that the Chinese will drive a hard bargain on the issue of our security ties to Taiwan. At a minimum, they will probably insist that we withdraw all U.S. military forces and installations, and that we declare our Mutual Security Treaty ended as of the date of our recognition of the PRC. Our minimum condition presumably will be Chinese agreement or acquiescence in a combination of measures, statements and situations that provide reasonable assurance of a continued peaceful environment for Taiwan.

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As part of a normalization agreement, any U.S. administration, we believe, would insist on the right of continued commercial arms sales to Taiwan that would allow Taiwan to retain a relatively high cost-inflicting military deterrent. Thus, the position we take on the NSSM 212 study will set the general approach of our policy on arms sales to Taiwan, and will lay the basis for essential discussions with Peking on this issue as part of an overall normalization deal.

Maintenance in Taiwan of a reasonable level of confidence in its self-defense capability is necessary for a stable transition in U.S. political security relations with Taipei. It is also important at the time of normalization that the U.S. show that while -- because of unique circumstances -- it is ending a Mutual Defense Treaty it has taken care to provide the ally concerned assurances of a peaceful future and a reasonably adequate defense.

I believe the distinction between the two ranges in Option 3 is somewhat obscure, and must in practice be resolved through specific decisions on concrete weapons systems which the ROC indicates it wishes to purchase. I favor Option 3, but with a broader definition that would combine some of the descriptive elements of both ranges.

I recommend you direct that our future arms transfer policy toward the ROC be one of "limited ROC access to new weapons" within the context of avoiding serious complications in our relations with Peking. I would define such a policy as intended to permit the ROC to obtain new military equipment and technology so long as provision of that equipment or technology:

- did not in our best judgment pose a serious threat to our normalization policy with Peking;

- was essentially defensive in nature;

- did not alter the existing military balance in the Taiwan Strait quantitatively or qualitatively, and

- did not contribute to the ROC's nuclear, long-range/intermediate missile, or chemical warfare development programs.

The objective of this policy would be to help the ROC maintain a reasonably high cost-inflicting defense capability against the PRC but not necessarily to maintain the current relative balance between the ROC and PRC forces. While we would be prepared to risk some PRC displeasure over our actions in the arms supply area, we would give high priority to avoiding serious problems in our relations with Peking. Where possible, we would encourage the ROC to buy from third country sources. Under

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this policy, we would continue to make a careful case-by-case examination of all ROC requests, keeping in mind that the extent to which any weapons system met our criteria might well change, either over time or because of other changes in the relationship between the U.S. and the two Chinese parties.

RECOMMENDATION:

That you approve my signing the NSDM at Tab A.

Approve _____ Disapprove _____

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